



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 15, 2006

Mr. Wesley D. Bizzell, Esq.
Winston & Strawn LLP
1700 K Street, N.W.
Washington, DC 20006-3817

RE: MUR 5784
Morton Grove Pharmaceuticals, Inc.
Brian A. Tambi

Dear Mr. Bizzell:

On August 1, 2006 the Federal Election Commission found that there is reason to believe your clients, Morton Grove Pharmaceuticals, Inc., and Brian A. Tambi violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). These findings were based on information contained in your submission dated December 28, 2005 and ascertained by the Commission in the normal course of carrying out its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(2). The Factual and Legal Analysis, which more fully explains the Commission's findings, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519.

We are aware of your request to enter into pre-probable cause conciliation. The Commission has determined that pre-probable cause conciliation should not be entered into at this time so that it may complete its investigation of the matter.

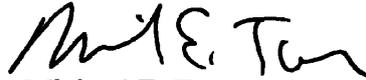
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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact April Sands, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Michael E. Toner
Chairman

Enclosures
Factual and Legal Analysis
Procedures

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1 **FEDERAL ELECTION COMMISSION**

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3 **FACTUAL AND LEGAL ANALYSIS**

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5 **RESPONDENTS: Morton Grove Pharmaceuticals, Inc.**
6 **Brian A. Tambi**

MUR: 5784

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8 **I. FACTUAL BACKGROUND**

9 Morton Grove Pharmaceuticals, Inc. ("MGP") is a privately-held corporation located
10 in Morton Grove, Illinois. It is a manufacturer of low cost pharmaceuticals with
11 approximately 300 employees. By way of a *sua sponte* submission, MGP informs the
12 Commission through counsel of "potential unknowing violations of the Federal Election
13 Campaign Act of 1971, as amended." Brian Tambi, President, CEO and Chairman of the
14 Board of MGP, made ten contributions from 2001 through 2005 on behalf of MGP to the
15 NRCC and two candidate committees totaling \$28,000.¹ On advice from Richard Lopatin,
16 MGP's CFO, Mr. Tambi then submitted routine Expense Statements regarding these
17 contributions and was reimbursed by MGP as a business expense. It does not appear that the
18 political committees were aware that the received contributions were reimbursed.

19 After an inquiry by a MGP board member in May 2005, Tambi consulted outside legal
20 counsel and learned that the contributions were illegal. Tambi then reimbursed MGP for the
21 prohibited contributions on May 27, 2005. MGP conducted an internal review to determine
22 the extent of the illegal activity. With assistance from Counsel, MGP also drafted a company
23 policy on political contributions and "has instituted corporate controls to make sure similar
24 prohibited reimbursements do not occur in the future." This Policy has been put into a
25 "Standard Operating Procedure" that all employees are required to read and understand. MGP

¹ Four of the contributions to the NRCC, totaling \$2,500, were made prior to the effective date of BCRA's ban on corporate contributions to national political parties.

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1 has notified the affected political committees regarding the illegal contributions, requested
2 that they disgorge the monies received to the US Treasury, and has waived its right to any
3 refunds.

4 MGP has requested that: (1) OGC initiate an enforcement proceeding; (2) the
5 Commission find reason to believe that Morton Grove and Mr. Tambi violated 2 U.S.C.
6 §§ 441b(a) and 441f, but that the violations were not knowing and willful; and (3) the
7 Commission authorize pre-probable cause conciliation with MGP and Mr. Tambi.

8 **II. ANALYSIS**

9 **A. MGP and Brian A. Tambi**

10 The Act defines "contribution" as anything of value made by any person for the
11 purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i). Under the
12 Act, corporations are prohibited from making contributions or expenditures from their general
13 treasury funds in connection with any election of any candidate for federal office. 2 U.S.C.
14 § 441b(a). Corporate officers are prohibited from consenting to such contributions. *Id.* No
15 person, including a political committee or a candidate, may knowingly accept or receive a
16 corporate contribution. *Id.* The Act also provides that no person shall make a contribution in
17 the name of another person or knowingly permit his or her name to be used to effect such a
18 contribution, and that no person shall knowingly accept a contribution made by one person in
19 the name of another person. 2 U.S.C. § 441f. The Act defines the term "person" to include a
20 corporation. 2 U.S.C. §431(11). Thus, the prohibition applies to a corporation's
21 reimbursement to an individual for his contribution to a Federal candidate or political
22 committee.

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1 MGP and Mr. Tambi acknowledge that they have violated 2 U.S.C. §§ 441b(a) and
2 441f. However, MGP asserts that the violations were not knowing and willful. "Morton
3 Grove and Mr. Tami have acted firmly and decisively to investigate the activity, institute
4 appropriate remedial action, develop enhancements to existing policies and procedures, and
5 report the activity to the Commission, all of which indicate their violations of the Act were not
6 intentional." We are unaware of any information to the contrary.

7 MGP has made it clear that it is interested in cooperating "fully with the Commission
8 and its staff in this matter by making all relevant documents available to the Commission and
9 by making its officers and employees available for interviews and/or depositions that may be
10 requested by the Commission's Office of General Counsel ("OGC")." Indeed, additional
11 questions posed by OGC regarding the underlying facts of this Matter were met with a prompt
12 and comprehensive response. With its voluntary submissions, MGP has provided the majority
13 of information needed for an efficient resolution of this case.

14 A sworn affidavit by Tambi has been submitted acknowledging his wrongdoing. MGP
15 has conducted a review to determine the extent of the reimbursed contributions; a search by
16 OGC of the FEC website and by Counsel uncovered no additional contributions either by
17 MGP, Mr. Tambi, his spouse, or any other MGP executives or employees. Any future
18 political contributions made on behalf of the company must now have the prior approval of
19 Counsel and Mr. Tambi as President and CEO. Tambi and MGP have already pledged their
20 cooperation to the Commission.

21 Accordingly, the Commission finds reason to believe Morton Grove Pharmaceuticals,
22 Inc. and Brian A. Tambi violated 2 U.S.C. §§ 441b(a) and 441f.

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